

# Memorandum

**To:** Candidate Campaign and Political Committees, General Registrars, Electoral Board Members, and the General Public  
**From:** Chris Piper, Campaign Finance Manager  
**Date:** June 27, 2007  
**Subject:** Summary of Policies and Forms Updates Approved by the Board on June 26, 2007

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Below is a summary of the changes to campaign finance forms and documents as well as one proposed policy to be considered by the Board. Most of the changes have been brought about by legislation signed into law and scheduled to take effect on July 1, 2007. All legislation effecting the Campaign Finance Disclosure Act of 2006 (§ 24.2-945 et seq.) signed into law by the Governor can be reviewed on our website at

[http://www.sbe.virginia.gov/cms/Campaign\\_Finance\\_Disclosure/Hot\\_Topics/New\\_Campaign\\_Finance\\_Laws\\_-\\_2007.html](http://www.sbe.virginia.gov/cms/Campaign_Finance_Disclosure/Hot_Topics/New_Campaign_Finance_Laws_-_2007.html).

## **Summary of General Changes to Law and Policy Summaries**

### **Definitions**

In each of the six *Summaries* produced, several definitions were updated to reflect law changes taking effect on July 1, 2007:

*Contribution* – definition was modified to account for the new “express advocacy” clause (see House Bill 2650).

*Expenditure* - definition was modified to account for the new “express advocacy” clause (see House Bill 2650).

*Out-of-State Political Committee* - definition was modified to account for the “primary purpose” clause (see House Bill 2852) and for the new “express advocacy” clause (see House Bill 2650).

*Political Action Committee* - definition was modified to account for the “primary purpose” clause (See House Bill 2852) and for the new “express advocacy” clause (see House Bill 2650).

*Political Party Committee* - definition was modified to account for the “primary purpose” clause (See House Bill 2852) and for the new “express advocacy” clause (see House Bill 2650).

*Primary Purpose* – new definition added to account for the new “primary purpose” requirement (see House Bill 2650).

### **Electronic Filing Procedure**

Changes the filing deadline for electronic filers from 11:59pm on the deadline date to 5pm.

## **Summary of Specific Changes to Law and Policy Summaries**

### **Candidate Campaign Committees**

Page 16, *Filing Method: Electronic or Paper?* - In response to SB 1015, which allows all local candidates to transmit their campaign finance reports electronically, SBE will require all candidates to fill out the Filing Method portion of the *Statement of Organization*. See SB 1015.

Page 17, *Where to File the Statement of Organization* – Requires all local candidates, which choose to transmit their campaign finance reports electronically, to file their *Statement* with the local electoral board of the county or city of the candidate’s residence. If requested, the local electoral board may fax the *Statement* to SBE and SBE will consider a faxed copy of a local candidate’s *Statement* as received. See SB 1015.

Page 44, *Where to File Large Pre-Election Contributions* – Allows local candidates, which choose to transmit their campaign finance reports electronically, to file their *Large Pre-Election Contribution Reports* via SBE’s website.

### **Political Action Committees**

Page 13, *Establishing a PAC* and Page 41, *Where to File Independent Expenditure Reports* - Requires all unregistered PACs to file a *Statement of Organization* at the same time that they file an *Independent Expenditure Reports* therefore erasing the 10 day grace period for PACs that run an independent expenditure prior to registering as a PAC in Virginia. Further, requires that the PAC provide a copy of the *Statement* to the local electoral board if the Independent Expenditure was made in support or opposition of a candidate for local office. See HB 2740.

Page 15-16, *The Statement of Organization* – Moved order of the information provided to reflect new *PAC Statement of Organization* design.

Page 16, *Primary Purpose Statement* – Added new subsection which discusses, in detail, the “primary purpose” requirement. See HB 2852.

### **Political Party Committees**

Page 13, *Local Party Exemptions* – Added clause clarifying that party committees that qualify for an exemption under the provisions of § 24.2-950.1 are *only* exempt from reporting requirements and not exempt from the Campaign Finance Disclosure Act of 2006.

Page 39, *Statement of Organization Requirement for Parties* - Requires all unregistered political parties to file a *Statement of Organization* at the same time that they file an *Independent Expenditure Reports* therefore erasing the 10 day grace period for parties that run an independent expenditure prior to registering as a party in Virginia. Further, requires that the party provide a copy of the *Statement* to the local electoral board if the Independent Expenditure was made in support or opposition of a candidate for local office. Clarifies that parties exempt from reporting requirements under that provisions of § 24.2-950.1 are exempt from this requirement as well. See HB 2740.

**Out-of-State Political Committee**

Page 11, *Becoming an Out-of-State Political Committee* - Added new subsection which discusses, in detail, the “primary purpose” requirement. See HB 2852.

**Inaugural Committees**

Page 35, *How to Dispose of Surplus Funds* – Removes the ability for Inaugural Committees to disburse their excess funds by providing the money to campaign committees or political committees. Henceforth, they may only disburse their excess funds by giving it to charity or returning the contribution to the contributor. See HB 1977.

**VAFiling Handbook**

The Board must approve the new procedures related to electronic filing. Nearly all of the changes to the Handbook have been noted in the *Summary* changes listed above. We ask that the Board pay special attention to the new Section 8 which describes, in detail, the procedures that the committees must follow in order to be considered having filed timely. See SB 1015.

**Independent Expenditures Form**

Updates the form to include new requirements that unregistered PACs and Party Committees are required to submit a Statement of Organization when submitting an Independent Expenditure report. See HB 2740.

**Statement of Organization – PAC**

Updates the form to include the “primary purpose” statement. The form is slightly reorganized to allow for the statement. See HB 2852.

**Statement of Organization – Candidate**

Updates the form to include the requirement for local candidates to choose a filing method. See SB 1015.

**Designated and Bundled Contributions**

In recent weeks, the staff of the State Board of Elections has received several questions concerning two issues: 1) Designated or Earmarked Contributions and 2) Bundled Contributions. At a publicly held meeting on June 26, 2007, the State Board approved the following statement which is an effort to clear up the confusion:

**Designated or Earmarked Contributions**

A designated or earmarked contribution is a contribution in which an individual provides a contribution to a political committee and requests that the contribution be forwarded to one or more specific campaign committees. This practice is legal in Virginia. Political party committees are required by law (see § 24.2-950.5 of the *Code of Virginia*) to identify designated contributions. They are required to report them on their campaign finance report on Schedule D, under the Item or Service column for any expenditure made in the form of a contribution to a candidate registered in Virginia.

No committees, other than party committees, are required to report their designated contributions. Some candidates have reported receiving designated contributions from specific political action committees (PACs). These PACs provide a check to the campaign committee with a list of all persons which designated that their contribution to the political committee be forwarded to the campaign. The entity which collects these contributions keeps a portion of the contribution for themselves and then forwards the remaining amount to the contributor's designated campaign.

The campaign receives a single check from the organization along with a list of all of the contributors who requested that their funds be provided to the campaign. In these cases, the campaign **MUST** report the receipt of the check from the organization which provided the contribution and **NOT** the individual who requested that the contribution be designated to the campaign.

The organization collecting the funds must establish themselves as a political action committee under the provisions of § 24.2-949.2 of the *Code of Virginia*. Please see the *Summary of Laws and Policies for Political Action Committees* for more information on how to register a Political Action Committee.

**Bundled Contributions**

It is permissible in Virginia for a person to collect funds for a committee in the form of check, money orders, or credit card contributions made out to a campaign or political committee and for that person to forward those funds to the campaign or political committee.

It is not permissible for a person to collect cash, check, money orders, or credit card contributions to a campaign totaling more than \$200 and then forward the total of that money unless the person has properly registered as a political action committee under the provisions of § 24.2-949.2 of the *Code of Virginia*.